

Financial Statements of

REDEEMER UNIVERSITY

And Independent Auditor's Report thereon

Year ended April 30, 2024



KPMG LLP

Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

INDEPENDENT AUDITOR'S REPORT

To the Members of Redeemer University

Opinion

We have audited the financial statements of Redeemer University (the "University"), which comprise:

- the statement of financial position as at April 30, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

July 12, 2024

REDEEMER UNIVERSITY

Statement of Financial Position

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,155,660	\$ 11,439,331
Short-term investments	1,500,000	–
Accounts receivable (note 2)	692,007	576,546
Inventory	143,798	192,688
Prepaid expenses and deposits	455,241	211,817
	<u>14,946,706</u>	<u>12,420,382</u>
Restricted investments (note 3(a))	6,608,691	6,201,975
Restricted assets (note 3(b))	150,000	150,000
Capital assets, net (note 4)	71,353,024	72,632,974
	<u>\$ 93,058,421</u>	<u>\$ 91,405,331</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,331,312	\$ 1,701,564
Deferred revenue	236,675	220,319
Deposits held	488,433	441,809
Current portion of long-term debt (note 6)	1,859,461	2,123,751
	<u>3,915,881</u>	<u>4,487,443</u>
Long-term debt (note 6)	13,647,767	17,573,302
Deferred contributions (note 7(a))	694,773	823,277
Deferred capital contributions (note 7(b))	30,901,022	26,230,404
	<u>49,159,443</u>	<u>49,114,426</u>
Net assets:		
Unrestricted	4,518,651	556,664
Invested in capital assets (note 8)	31,966,337	34,406,673
Internally restricted (note 13)	805,299	1,125,593
Endowments (note 3(a))	6,608,691	6,201,975
	<u>43,898,978</u>	<u>42,290,905</u>
Commitments and contingencies (note 11)		
	<u>\$ 93,058,421</u>	<u>\$ 91,405,331</u>

See accompanying notes to financial statements.

On behalf of the Board:


Governor


Governor

REDEEMER UNIVERSITY

Statement of Operations

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Revenues:		
Net fees (tuition and residence)	\$ 17,058,794	\$ 16,346,731
Donations	6,479,164	5,390,572
Community use	2,849,811	2,366,797
Church support	775,000	899,623
Book sales	457,645	440,714
Grants	199,351	293,501
Other	1,203,281	1,034,194
	<u>29,023,046</u>	<u>26,772,132</u>
Expenditures:		
Salary and benefits:		
Administrative	8,269,635	8,044,854
Academic	6,808,303	6,290,113
Supplies and services	3,866,406	4,425,994
Student scholarships, bursaries and work-study	1,419,674	1,406,092
Food and cafeteria services	2,307,766	2,177,258
Maintenance and utilities	1,328,448	1,215,141
Interest:		
Long-term	519,843	422,433
Current	294,728	516,114
Publicity and promotion	482,338	472,947
Travel and moving costs	419,778	461,369
Cost of books sold	418,423	397,119
	<u>26,135,342</u>	<u>25,829,434</u>
Excess of revenues over expenditures before the following:	2,887,704	942,698
Amortization of deferred capital contributions (note 7(b))	1,395,849	1,078,995
Amortization of capital assets	(3,060,064)	(2,911,279)
Loss on disposal of capital assets	(22,132)	(5,258)
Excess (deficiency) of revenues over expenditures	<u>\$ 1,201,357</u>	<u>\$ (894,844)</u>

See accompanying notes to financial statements.

REDEEMER UNIVERSITY

Statement of Changes in Net Assets

Year ended April 30, 2024, with comparative information for 2023

					2024	2023
	Unrestricted	Invested in capital assets (note 8)	Internally restricted (note 13)	Endowments	Total	Total
Net assets, beginning of year	\$ 556,664	\$ 34,406,673	\$ 1,125,593	\$ 6,201,975	\$ 42,290,905	\$ 43,204,629
Excess (deficiency) of revenues over expenditures for the year	2,887,704	(1,686,347)	—	—	1,201,357	(894,844)
Change in investment in capital assets (note 8)	753,989	(753,989)	—	—	—	—
Endowment contributions, net of distributions (note 3 (a))	—	—	—	247,886	247,886	2,151
Net change in endowment investments (note 3 (a))	—	—	—	158,830	158,830	(21,031)
Transfer	320,294	—	(320,294)	—	—	—
Net assets, end of year	\$ 4,518,651	\$ 31,966,337	\$ 805,299	\$ 6,608,691	\$ 43,898,978	\$ 42,290,905

See accompanying notes to financial statements.

REDEEMER UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenditures	\$ 1,201,357	\$ (894,844)
Items not affecting cash:		
Amortization of capital assets	3,060,064	2,911,279
Amortization of deferred capital contributions	(1,395,849)	(1,078,995)
Deferred contributions recognized as revenue (note 7(a))	(287,293)	(306,581)
Loss on disposal of capital assets	22,132	5,258
Amortization of financing costs (note 6)	4,593	4,592
Net change in non-cash working capital balances related to operations (note 9)	(617,996)	807,139
	1,987,008	1,447,848
Investing and financing activities:		
Capital asset purchases	(1,801,517)	(3,591,116)
Contributions and investment income restricted for capital purposes (note 7(b))	6,011,467	7,601,154
Deferred contributions received (note 7(a))	158,789	62,564
Increase in investments	(1,500,000)	—
Proceeds from issuance of debt	58,636	145,008
Repayment of issued debt (note 6)	(4,198,054)	(8,831,551)
	(1,270,679)	(4,613,941)
Net increase (decrease) in cash and cash equivalents	716,329	(3,166,093)
Cash and cash equivalents, beginning of year	11,439,331	14,605,424
Cash and cash equivalents, end of year	\$ 12,155,660	\$ 11,439,331
Supplemental information:		
Non-cash transactions:		
Purchase of capital assets included in accounts payable and accrued liabilities	\$ 77,646	\$ 76,917

See accompanying notes to financial statements.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

Redeemer University (the “University”) is a non-profit degree-granting Christian university for education in the general arts, humanities, and sciences. The University is a registered charitable organization and, as such, is exempt from income tax under Section 149.1(1)(b) of the Income Tax Act (Canada).

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit organizations in Part III of the CPA Canada Handbook.

(a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, short-term deposits which are highly liquid with original maturities of less than three months from year end and redeemable GIC investments.

(b) Short-term investments:

Short-term investments consist of non-redeemable GIC investments with maturity dates no longer than one year. Term deposits with maturity dates longer than 90 days are included as investments.

(c) Revenue recognition:

Tuition and residence fees are recognized as revenue in the academic year to which they relate; accordingly, registration deposits and tuition fees for the following academic year are deferred.

Pledges are not recorded. Unrestricted contributions are recognized as revenue when received or receivable, as long as the amount can be estimated and collection is reasonably assured. Donations and grants received by the University for a specific purpose are recognized as revenue in the year to which they relate; accordingly, donations and grants related to future years are recorded as deferred revenue. Scholarship contributions are deferred until the year in which the scholarship is awarded.

Capital contributions received for the purpose of acquiring capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital assets.

(d) Employee benefit plan:

Defined contribution plan accounting is applied to a multi-employer plan, whereby contributions are expensed when due as the University has insufficient information to apply defined benefit plan accounting.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

1. Significant accounting policies (continued):

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Capital assets acquired prior to May 1, 2011 are recorded at deemed cost, being its fair value at May 1, 2011, the transition date to Accounting Standards for Not-For-Profit organizations. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

	Rate
Buildings and facilities	10-40 years
Organ	40 years
Equipment	5-20 years
Furniture and fixtures	10 years
Computer hardware and software	4 years
Franchise license	10 years
Library books	10 years

Construction-in-progress is transferred to the appropriate asset category once the particular project is complete and amortization commences when the assets are ready for use.

The University assesses for partial impairment of capital assets annually. When circumstances indicate that the carrying amount of an asset may not be recoverable, an impairment loss is recognized as a non-reversible impairment expense.

(f) Inventory:

Inventory, which consists of books and other retail items, is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Money market funds and bonds that would otherwise be recorded at amortized cost are recorded at fair value as they are managed and evaluated on a fair value basis. Other financial instruments are recorded at amortized cost.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(h) Net assets:

Net assets are classified as follows:

Unrestricted: operating funds available without specific restrictions;

Invested in capital assets: funds invested in capital assets, exclusive of capital assets financed through long-term debt, bonds, or deferred capital contributions;

Internally restricted: the University has committed to a number of strategic initiatives for which the Board of Governors has chosen to internally restrict funds. These initiatives include raising the University's profile, reducing debt, strengthening the University's Reformed Christian identity, innovating for student and graduate success, improving human resources and workplace culture, and upgrading and expanding facilities; and

Endowments: external contributions, the principal of which is non-expendable pursuant to the restrictions by the donor, and income retained under the endowment fund investment policies and guidelines.

(i) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the carrying amount of capital assets and accrued liabilities. Actual results could differ from those estimates.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

2. Accounts receivable:

	2024	2023
Student accounts	\$ 530,909	\$ 505,353
Miscellaneous receivable	413,833	260,513
HST receivable	81,286	138,297
Student loans	83,435	84,468
	1,109,463	988,631
Allowance for doubtful accounts	(417,456)	(412,085)
	\$ 692,007	\$ 576,546

3. Restricted investments and assets:

(a) Endowments:

Contributions restricted for endowments consist of externally restricted donations received by the University. The endowment principal is required to be maintained intact. Accordingly, these amounts are classified as long-term restricted investments.

The investment income generated from endowments must be used in accordance with the various purposes established by the donors or Board of Governors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments that is available for spending at the discretion of the University or is available for spending under specific conditions has been recorded in the statement of operations.

Endowment investments consist of the following:

	2024	2023
Equities	\$ 4,091,775	\$ 3,809,865
Bonds	446,505	823,828
Cash and cash equivalents	2,070,411	1,568,282
	\$ 6,608,691	\$ 6,201,975

Cash and cash equivalents bear interest at an average rate of 4.55%. The bonds bear a yield to maturity ranging from 3.5% to 3.75% maturing between June 2, 2024 and June 2, 2025. During the year, contributions of \$401,293 (2023 - \$240,452) were received and disbursements for grants of \$153,407 (2023 - \$238,301) were made relating to endowments. The current year net change in endowment investments of \$158,830 (2023 - (\$21,031)), including management and trading fees of \$56,763 (2023 - \$79,252), has been included in the statement of changes in net assets.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

3. Restricted assets (continued):

(b) Bachelor of Education Program:

In 2005, the University was granted permission to provide the Bachelor of Education Program to students. The University has provided an irrevocable standby letter of credit of \$150,000, as required by the Ministry of Colleges and Universities of the Province of Ontario (the "Ministry"), in conjunction with providing this program.

The University has invested \$150,000 in an interest bearing certificate in the event there is a requirement to make payment to the Ministry with respect to this program. The value of the certificate at April 30, 2024 is \$150,000 (2023 - \$150,000).

4. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 29,285,939	\$ –	\$ 29,285,939	\$ 29,285,939
Buildings and facilities	62,675,599	26,075,546	36,600,053	37,557,510
Organ	374,153	339,855	34,298	43,652
Equipment	7,510,910	4,444,557	3,066,353	3,446,871
Furniture and fixtures	6,756,086	4,654,838	2,101,248	1,878,098
Computer hardware and software	1,250,777	1,113,697	137,080	178,427
Franchise license	20,000	15,000	5,000	7,000
Library books	1,036,586	1,036,586	–	–
Construction in progress	123,053	–	123,053	235,477
	\$109,033,103	\$ 37,680,079	\$ 71,353,024	\$ 72,632,974

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$23,967 (2023 - \$22,480), which includes amounts payable for payroll related taxes.

REDEEMER UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2024

6. Long-term debt:

Long-term debt consists of the following:

	2024	2023
Bonds (a)	\$ 8,775,494	\$ 8,963,974
Private loans (b)	3,300,277	3,681,783
Non-revolving loan (c)	–	3,067,679
Non-revolving loan (c)	3,427,077	3,928,830
Forgivable loan from Sodexo bearing interest at 0%, forgiven in annual installments, maturing August 2026 (d)	110,000	165,000
	15,612,848	19,807,266
Financing costs (c)	(105,620)	(110,213)
	15,507,228	19,697,053
Less current portion	(1,859,461)	(2,123,751)
	\$ 13,647,767	\$ 17,573,302

(a) Bonds issued to supporting members are secured by a Mortgage Trust Deed between Concentra Financial and the University. The Mortgage Trust Deed is secured by a first charge (subject to a postponement of claim in favour of bank financing) on the land and buildings of the University and authorizes the University to issue bonds in any series created by the University up to a maximum of \$15,000,000 in constant 2020 dollars. The Mortgage Trust Deed and consequently all bonds issued under it, mature in 2035. All bonds are redeemable at any time at the discretion of the University. The Board of Governors has created seven series of bonds as follows:

- Series A, returning variable rate real interest payable semi-annually, rate set semi-annually;
- Series B, returning 3% real interest payable semi-annually;
- Series C, returning 2% real interest payable semi-annually;
- Series D, returning 1% real interest payable semi-annually;
- Series E, returning 0% interest;
- Series F, returning variable rate real interest payable semi-annually, rate set semi-annually;
- and
- Series G, returning 4% real interest payable semi-annually.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

6. Long-term debt (continued):

(a) The following bonds are issued and outstanding (based on price adjusted values):

	2024	2023
Series A	\$ 3,255,094	\$ 3,455,574
Series F	5,380,079	5,380,079
Interest accrued on bonds	140,321	128,321
	<u>\$ 8,775,494</u>	<u>\$ 8,963,974</u>

The minimum payment required within fiscal 2025 is \$383,136, which has been included in the current portion of long-term debt. During the year, approval was received to increase the real interest payable on Series A and Series F bonds from 4.5% to 5.0% for the period of January 2024 to December 2024.

(b) Private loans from supporting members bear interest at rates varying from 0% to 5.50%. Loans in the amount of \$1,308,969 will mature within fiscal 2025 of which \$113,353 has been renewed after year end. The specified maturity dates of the loans are as follows:

2025	\$ 1,308,969
2026	842,808
2027	453,420
2028	68,912
2029	626,168
	<u>\$ 3,300,277</u>

(c) In 2023, a construction loan was converted into two non-revolving loans. The first loan was fully repaid during the year. The second loan in the amount of \$4,000,000, bears interest at 4.90%, repayable in fifty-nine monthly instalments of \$23,151 principal and interest and a one-time principal payment of \$3,051,655 maturing June 2027.

The University incurred transaction and financing costs in the amount of \$114,805 on the acquisition of the loan. These costs will be amortized over the term of the loan on a straight-line basis.

Principal repayments due over the next four years are as follows:

2025	\$ 112,356
2026	117,986
2027	123,899
2028	3,072,836
	<u>\$ 3,427,077</u>

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

6. Long-term debt (continued):

(d) In fiscal 2017, Sodexo granted the University a non-interest-bearing forgivable loan in the amount of \$350,000, to finance the implementation of a Tim Horton's coffee shop. An additional \$100,000 was granted in fiscal 2022 to finance the implementation of a Starbucks kiosk. The loan is forgivable in annual amounts over a ten-year term in accordance with the amended Sodexo Expansion Agreement extending to August 2026. During the year, \$55,000 (2023 - \$55,000) was forgiven and recognized as a contribution for capital purposes (note 7(b)).

7. Deferred contributions:

(a) Deferred operating contributions are as follows:

	2024	2023
Balance, beginning of year	\$ 823,277	\$ 1,067,294
Amount recognized as revenue during the year	(287,293)	(306,581)
Amount received related to future years	158,789	62,564
Balance, end of year	\$ 694,773	\$ 823,277

(b) Deferred capital contributions are as follows:

	2024	2023
Balance, beginning of year	\$ 26,230,404	\$ 19,653,245
Amortization of deferred capital contributions	(1,395,849)	(1,078,995)
Add:		
Contributions received for capital purposes	6,043,503	7,627,730
Investment income on deferred capital contributions	22,964	28,424
Balance, end of year	\$ 30,901,022	\$ 26,230,404

Included in contributions received for capital purposes is an amount of \$55,000 (2023 - \$55,000) related to the forgiven portion of the Sodexo loan (see note 6(d)).

As at April 30, 2024, deferred capital contributions of \$3,721,286 (2023 - \$4,019,373) have been received but not spent. The University anticipates that the majority of these contributions will be spent in the following two years on capital initiatives related to campus renewal.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

8. Net assets invested in capital assets:

Invested in capital assets consists of the following:

	2024	2023
Capital assets, net	\$ 71,353,024	\$ 72,632,974
Less amounts financed by:		
Bonds (note 6)	(8,775,494)	(8,963,974)
Deferred capital contributions (note 7(b))	(27,179,736)	(22,211,031)
Long-term debt (note 6)	(3,431,457)	(7,051,296)
	\$ 31,966,337	\$ 34,406,673

The change in invested in capital assets is calculated as follows:

	2024	2023
Net change in invested in capital assets:		
Purchase of capital assets	\$ 1,802,246	\$ 2,862,335
Amounts funded by deferred capital contributions	(6,364,554)	(6,373,530)
Repayment of long-term debt	3,619,839	7,572,136
Issuance of bonds	(57,912)	(141,496)
Repayment of bonds	246,392	494,155
	\$ (753,989)	\$ 4,413,600

Deficiency of revenues over expenditures:

Amortization of capital assets	\$ (3,060,064)	\$ (2,911,279)
Amortization of deferred capital contributions	1,395,849	1,078,995
Loss on disposal of capital assets	(22,132)	(5,258)
	\$ (1,686,347)	\$ (1,837,542)

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

9. Statement of cash flows:

The net change in non-cash working capital balances related to operations consists of the following:

	2024	2023
Accounts receivable	\$ (115,461)	\$ 73,076
Inventory	48,890	4,346
Prepaid expenses and deposits	(243,424)	485,796
Accounts payable and accrued liabilities	(370,981)	151,637
Deferred revenue	16,356	19,418
Deposits held	46,624	72,866
	<u>\$ (617,996)</u>	<u>\$ 807,139</u>

10. Employee benefit plan:

Substantially all of the employees of the University are eligible to be members of the Christian Schools International Pension Plan (the "Plan"), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. The Plan is accounted for as a defined contribution plan. The University's contributions to the Plan during the year amounted to \$870,236 (2023 - \$830,241) and are included in salary and benefits in the statement of operations. The most recent audited financial statements of the Plan as of August 31, 2023 indicate the plan has a funding shortfall of 5.92% (August 31, 2022 – 7.08%) on a going concern basis.

11. Commitments and contingencies:

- (a) The University has committed to future minimum lease payments over the next five years and thereafter for equipment as follows:

	Operating leases
2025	\$ 65,856
2026	65,856
2027	46,136
2028	36,276
2029	36,276
Thereafter	18,137
	<u>\$ 268,537</u>

- (b) Pursuant to an agreement dated April 12, 1996 between the University, the University's Alumni Association and the University's Student Senate, the University is committed to provide the following:
- (i) an amount of \$206,800 to the Student/Recreation Facility Fund at the time of the next building expansion fundraising drive;
 - (ii) an amount of \$100,000 to the Student/Recreation Facility Fund when the Student/Recreation Facility breaks ground; and
 - (iii) an amount of \$499,340 student contributions with accumulated interest are invested in a GIC to be redeemed when the Student/Recreation Facility breaks ground.

The timing of these commitments is currently not determinable.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

11. Commitments and contingency (continued):

- (c) The University has a \$1,750,000 operating line of credit available by way of direct advances. This operating line of credit increases to \$2,750,000 for the months of June to August. The direct advances drawn on the line of credit are due on demand and bear interest at the bank's prime rate plus 1.25%.

The University has \$250,000 available by way of letters of credit or guarantees to a maximum of \$250,000, which when drawn bear interest at 1.50% per annum.

As at April 30, 2024, \$nil of letters of credit (2023 - \$nil) has been drawn on the line of credit.

A general security agreement, a general assignment of book debts and a collateral mortgage providing a first fixed charge over land and buildings have been provided as collateral for the operating line of credit.

The University has \$150,000 (2023 - \$150,000) available by way of letter of credit in support of the Bachelor of Education program. This line bears interest at 1.00% per annum.

In addition, the University has \$175,000 (2023 - \$125,000) available by way of VISA business cards in support of operations.

- (d) Canadian Universities Reciprocal Insurance Exchange:

The University is a member of the Canadian Universities Reciprocal Insurance Exchange ("CURIE"), a self-insurance cooperative comprised of approximately sixty Canadian universities and colleges. CURIE insures property damage, general liability and errors and omissions risks. If premiums collected are insufficient to cover expenses and claims, the University may be requested to pay additional amounts.

- (e) Certain claims exist against the University. These claims are not expected to have a material impact on the financial position or operating results of the University.
- (f) The University has committed to spend \$605,000 in construction over the summer of 2024 for maintenance expansion and north entrance refresh.

12. Related party transactions:

The RUC Business Trust 2005 is considered a related party as the University is the sole beneficiary. The Trust is currently inactive.

13. Internally restricted assets:

The Board has internally restricted \$805,299 (2023 - \$1,125,593) for program and facility initiatives.

REDEEMER UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

14. Financial risks:

(a) Currency risk:

The University is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the University makes purchases denominated in U.S. dollars. The University does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2023.

(b) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2023.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The University is exposed to credit risk with respect to the accounts receivable and student loans. The University assesses, on a continuous basis and accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(d) Interest rate risk:

The University is exposed to interest rate risk on its variable interest rate financial instruments. Further details about the investments are included in note 3 and variable rate debt in note 6.